BANK OF CANADA
BANQUE DU CANADA

Senior Loan Officer Survey

on Business-Lending Practices in Canada

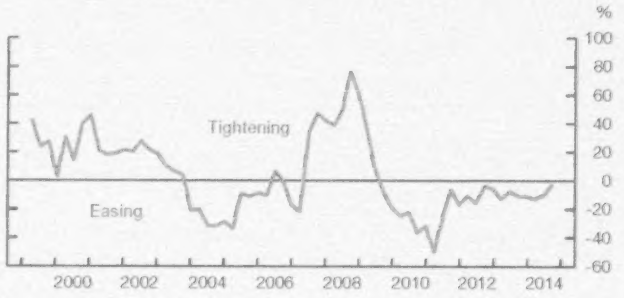
Results of the Fourth-Quarter 2014 Survey | Vol. 7.4 | 12 January 2015

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the fourth quarter of 2014.

- The survey results show that overall business-lending conditions were nearly unchanged during the fourth quarter of 2014 (Chart 1). This follows an easing trend that has been almost uninterrupted since late 2009. Nearly unchanged conditions were seen in both the price and non-price aspects of business lending (Chart 2).[1, 2]
- Both price and non-price conditions remained almost the same as in the third-quarter survey, on balance, for corporate and commercial borrowers. Price conditions were unchanged and non-price conditions eased for small business borrowers.
- The lending conditions of financial institutions and capital markets remained highly competitive. Respondents reported no change in access to capital markets for all grades of borrowers.
- The balance of opinion suggests an increase in the demand for credit from small business and commercial borrowers in the fourth quarter. Demand from corporate borrowers was reported as unchanged.

Chart 1: Senior loan officers reported nearly unchanged lending conditions for Canadian non-financial firms...

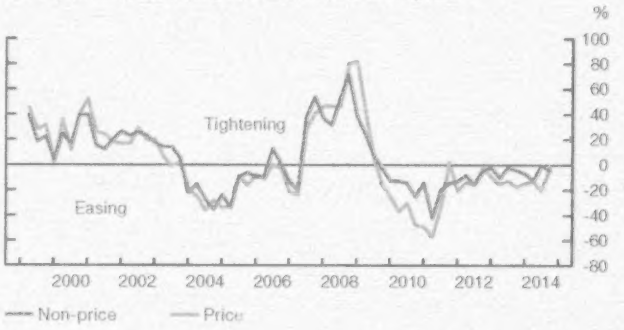
Overall business-lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: ...in terms of both price and non-price conditions

Price and non-price lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

1 The SLOS defines the pricing of credit as spreads over base rates and/or fees rather than as the level of rates.

2 Note that the balance of opinion suggests only the direction of the net change in lending conditions; it does not provide information on the magnitude of the change.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The fourth-quarter survey was conducted between 8 and 12 December 2014. Additional information on the survey is available on the Bank of Canada's website. The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

ISSN 1918-3968